

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: JASON NUTT, ASSISTANT CITY MANAGER
SUBJECT: APPROVAL TO ENTER INTO AN EXCLUSIVE NEGOTIATION AGREEMENT AMONG THE CITY OF SANTA ROSA, BURBANK HOUSING DEVELOPMENT CORPORATION, AND 10 E STREET, LLC, FOR THE REAL PROPERTY LOCATED AT 730 3RD STREET, SANTA ROSA, CA, ALSO KNOWN AS ASSESSOR PARCEL NUMBER 009-072-044 OR WHITE HOUSE SITE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by Real Estate Services that the Council, by resolution: 1) approve entering into an Exclusive Negotiation Agreement with Burbank Housing Development Corporation, a California nonprofit corporation, and 10 E Street, LLC, a California limited liability company, for the potential disposition and development of the real property located at 730 3rd Street, Santa Rosa, CA, also known as Assessor Parcel Number 009-072-044 or White House Site (the "Property"), declared surplus by Council in December 2022; 2) authorize the City Manager to execute an Exclusive Negotiation Agreement and any amendments thereto, subject to approval as to form by the City Attorney's Office; and 3) direct staff to initiate negotiations to enter into a Disposition and Development Agreement for the Property.

EXECUTIVE SUMMARY

Council directed staff in December 2022, to declare the real property located at 730 3rd Street, Santa Rosa, CA "non-exempt surplus land", to prepare and submit a Notice of Availability for the Property, take all necessary actions to comply with the Surplus Lands Act, and carry out Council's direction in the disposition of the Property.

The City circulated a Notice of Availability for the Property in January 2023, and Burbank Housing Development Corporation, a California nonprofit corporation, and 10 E Street, LLC, a California limited liability company (collectively, "Developer") responded with a Notice of Interest following which the City entered into negotiations with Developer, in compliance with the Surplus Lands Act. Staff is now seeking Council's approval to enter into an Exclusive Negotiation Agreement ("ENA") with Developer.

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BACKGROUND

The Property is approximately 58,370 square feet and currently developed as a municipal parking lot containing 113 public parking stalls.

Following a determination that the City does not have a public use for the Property, on December 6, 2022, in a regular public meeting, Council declared the Property as surplus.

On January 23, 2023, at Council's direction, City issued a Notice of Availability ("NOA") to affordable housing developers, among others, for the Property as required by the Surplus Lands Act, Government Code section 54220, for a 60-day notice of interest period which ended on March 24, 2023.

The City received multiple bids, including Developer's bid, on the Property in response to the NOA. Pursuant to Government Code Section 54223, the City entered into a 90 day negotiation period with all the parties.

Of the proposals received, the proposal with the highest number of affordable units, proposed a number of affordable units that was negligible in difference to the number of affordable units proposed by Developer, but Developer's proposal offered more housing units overall, and significantly more community amenities. Council has chosen to exclusively negotiate with Developer with the intent of reaching an agreement between the parties governing the potential disposition and development of the Property ("DDA").

Staff is now bringing to Council the recommendation to enter into an ENA with Developer for a specific, limited period of time to negotiate the terms of a DDA.

PRIOR CITY COUNCIL REVIEW

On December 6, 2022, the City Council, by Resolution No. RES-2022-235, declared the Property "non-exempt surplus land"; directed Staff to prepare and submit a Notice of Availability for the Property; and authorized the City Manager to take all necessary actions to comply with the Surplus Lands Act and carry out Council's direction in the disposition of the Property.

On December 13, 2022, in closed session, Council gave direction to staff on price and terms of long term sale or lease of the Property.

On June 20, 2023, in closed session, Council gave direction to staff on price and terms of payment.

ANALYSIS

Staff and Council have met in closed session to discuss the terms of negotiation and the parties have reached a point where they wish to enter into an ENA for potential disposition and development of the Property for housing and community benefiting uses. The ENA will allow City staff to negotiate with Developer with the intent to bring forward to Council, a Disposition and Development Agreement (“DDA”) to develop the Property.

The initial period of the ENA will be for ninety (90) days, commencing on the effective date, during which the parties will negotiate the terms of a DDA, which initial 90 day period may be extended by the City Manager by an additional 90 days if she deems, in her sole discretion, that sufficient progress is being made toward agreement on a term sheet. If the parties fail to reach agreement on the term sheet by the 90-day deadline (as extended, if applicable), the ENA will expire. If the parties agree on a term sheet by the deadline set forth, the ENA will continue, and the parties will have an additional 60 days to negotiate and execute the DDA (the initial 90-day period together with any extensions, if applicable, the “Negotiation Period”).

The Negotiation Period will be used to prepare a mutually acceptable DDA for consideration and action by the Council and staff may return to Council in closed session during this time. Once an agreement has been reached, the DDA will be brought to Council in open session for approval.

FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund.

ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because it is not a project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guidelines Section 15378.

In the alternative, if this action is deemed to be a project, it is statutorily exempt from CEQA pursuant to California Government Code section 65457 and CEQA Guidelines Section 15182 (c) as a potential residential project implementing the Downtown Station Area Specific Plan, and pursuant to California Public Resources Code Section 21155.4 and CEQA Guidelines Section 15182 (b) as a mixed use project that is consistent with the local Sustainable Communities Strategy, located within a transit priority area and consistent with the Downtown Station Area Specific Plan. The Environmental Impact

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Report for the Downtown Station Area Specific Plan was certified by the City Council in October 2020, and no events described in CEQA Guidelines Section 15162 have occurred to require additional environmental analysis.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

NOTIFICATION

Not applicable

ATTACHMENTS

- Resolution

PRESENTER

Jill Scott, Real Estate Manager